

Report of the Board of Managing Directors to the Annual General Meeting in accordance with section 71 (1) no. 8 sentence 5, section 186 (4) sentence 2 AktG on items 7 and 8 of the agenda

In accordance with section 71 (1) no. 8 sentence 5, section 186 (3) sentence 4, (4) sentence 2 AktG, the Board of Managing Directors shall issue the following report on items 7 and 8 of the agenda on the reasons for the proposed authorization of the Board of Managing Directors to exclude the subscription rights of shareholders when disposing of treasury Shares of the Company. This report will be available on the internet at

http://www.ikb.de/content/en/ir/gm_information/index.jsp

from the time the Annual General Meeting is convened. It shall also be available for inspection in the assembly hall for the duration of the Annual General Meeting. The report has the following content:

The authorization granted by the Annual General Meeting of the Company on 27 August 2009 to acquire treasury shares in accordance with section 71 (1) no. 8 AktG expires on 26 February 2011 and is to be replaced by the proposed new authorization that runs until the end of 25 August 2015.

The Board of Managing Directors and the Supervisory Board propose to the Annual General Meeting to grant the Company an authorization to acquire treasury shares so that it can use the benefits associated with such an acquisition in the interests of the Company and its shareholders. The Board of Managing Directors shall report to the Annual General Meeting on every utilisation of this authorization.

As a result of the proposed authorization, the Company will be able until the end of [25 August 2015] to acquire treasury shares in a volume of up to 10% of the current share capital. This shall ensure compliance with the maximum legal limit. The shares can only be acquired on the stock exchange or by way of a public bid to all shareholders. If the number of shares offered at the stipulated price exceeds the number of shares the Company is seeking, acceptance of offers to sell must be allocated. In this context, it should be possible to provide for preferred acceptance of small offers or small parts of offers of up to a maximum of 100 shares. This option serves to avoid fractional amounts in determining the ratios to be acquired and small residual amounts and thereby to facilitate technical settlement.

It will be permitted to sell the acquired treasury shares on the stock exchange or by way of offer to all shareholders.

- The proposed authorization provides for the treasury shares to also be sold to third parties in any way other than on the stock exchange or an offer to all shareholders if the sale is against cash and at a price not significantly less than the arithmetic mean of the share price of the Company in Xetra trading (or a similar successor system) on the Frankfurt stock exchange determined on the last three trading days before the sale date. This is to enable the Company to offer shares to institutional investors, financial investors or other cooperation partners, thereby achieving the highest possible disposal amount and strengthening equity as much as possible by setting a price in line with market conditions. This type of disposal involves an exclusion of shareholders' subscription rights, however, this is permitted by law as it is in line with the simplified exclusion of shareholders' subscription rights under section 186 (3) sentence 4 AktG. This authorization can only be used for up to 10% of the share

capital including authorizations to utilise authorized capital and authorizations to issue convertible and/or warrant-linked bonds and authorizations to issue convertible and/or option certificates while excluding shareholders' subscription rights under section 186 (3) sentence 4 AktG. This ensures that the maximum legal limit of 10% of share capital is not exceeded for such a simplified exclusion of shareholders' subscription rights (section 186 (3) sentence 4 AktG). The Board of Managing Directors shall report to the Annual General Meeting every time this authorization is utilised.

- Under this authorization, the treasury shares acquired can be sold to third parties while excluding shareholders' subscription rights if this is effected for the purpose of the acquisition of companies, parts of companies or participations in companies. In such cases, the Board of Managing Directors is to be enabled to offer shares in the Company as compensation in a combination of companies or for the acquisition of such companies, parts of companies or participations in companies without having to perform a capital increase for this purpose. Such use of the treasury shares requires the approval of the Supervisory Board if the subject of the respective transaction exceeds 5% of the liable equity of the Company under the *Kreditwesengesetz* (KWG – German Banking Act).

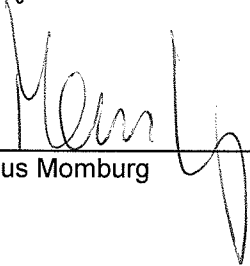
National and international competition is increasingly demanding that shares can be offered as compensation in combinations of companies or for the acquisition of companies, parts of companies or participations in other companies instead of cash. The proposed authorization will give the Company the necessary flexibility to use its treasury shares as acquisition currency and thereby to react quickly and flexibly to offers that are advantageous to the Company to combine companies or to acquire companies, parts of companies or participations in other companies. This is reflected in the proposed authorization to exclude the subscription rights of shareholders.

- The authorization is also to allow the Company to use treasury shares to serve convertible and warrant-linked bonds and/or convertible and option certificates issued by the Company or its subsidiaries. In the interests of flexible handling it is logical to create the option to be able to satisfy obligations arising from convertible and warrant-linked bonds and/or convertible and option certificates with treasury shares. This method also precludes the dilutive effect arising on utilisation of conditional capital to serve the convertible and warrant-linked bonds and/or convertible and option certificates issued.
- Furthermore, the option to exclude the subscription rights of shareholders shall be provided for in the event that the acquired Shares of the Company are issued as employee shares to employees of the Company and its subsidiaries in which it holds an interest of at least 50%. Employee shares are an important instrument for attracting qualified employees to the Company and ensuring their loyalty. Employee shares can also promote employee focus on corporate strategy and their motivation to work systematically to increase enterprise value.
- Withdrawing the treasury shares acquired without the requirement of a further resolution by the Annual General Meeting ultimately allows the Company to adjust its equity quickly and flexibly in line with the respective requirements of the capital market by way of the share capital reduction entailed by withdrawing shares.

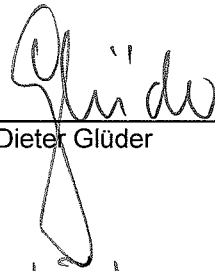
Düsseldorf, 13 July 2010



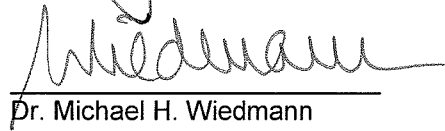
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